

# State of Washington Corrective Action Plan

*OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2001*

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

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QC – Questioned Costs



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## Western Washington University (WWU)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
01	1	<p>Finding: WWU did not comply with federal regulations regarding the use of federal program income from four U.S. Department of Education Grants</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>84.264A</td><td>\$ 10,900</td></tr><tr><td>84.264B</td><td>121,890</td></tr><tr><td>84.315C</td><td>36,313</td></tr><tr><td>84.129T</td><td>10,846</td></tr><tr><td>Total</td><td><u>\$179,949</u></td></tr></table> <p>Status: Corrective action is in progress.</p> <p>Corrective Action:</p> <ol style="list-style-type: none"><li>University officials met with U.S. Department of Education officials. No costs have been disallowed. The issues related to collected and unspent program income have been resolved as follows:<ul style="list-style-type: none"><li>≠ The Department has approved the carry forward of program income collected to date for all four of the grants.</li><li>≠ For two of the grants, permission to continue to spend carry forward program income concurrently with federal draws has been granted.</li><li>≠ For the other two grants, collected program income will be spent before drawing additional federal cash.</li></ul></li><li>WWU continues to meet with US Department of Education program officers at the national and regional level to identify projects and programs on which to expend program income. All program income will be spent by the end of each grant’s current budget period.</li><li>WWU procedures have been amended to specify that program income must be spent as received.</li></ol> <p>Completion Date: Estimated, September 30, 2002</p>		<u>CFDA #</u>	<u>Amount</u>	84.264A	\$ 10,900	84.264B	121,890	84.315C	36,313	84.129T	10,846	Total	<u>\$179,949</u>
<u>CFDA #</u>	<u>Amount</u>														
84.264A	\$ 10,900														
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## University of Washington (UW)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	2	Finding:	Public Funds were misappropriated and payroll documents falsified at the University's Diabetes Endocrinology Research Center				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.847</td><td>\$38,965.70</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.847	\$38,965.70
		<u>CFDA #</u>	<u>Amount</u>				
		93.847	\$38,965.70				
		Status:	Corrective action is in progress.				
		Corrective Action:	<p>Based on earlier recommendations of the University's Internal Audit unit all questioned funds were returned to the federal government.</p> <p>Both the state Executive Ethics Board and the King County Prosecutor' Office are conducting reviews to determine if civil or criminal charges are appropriate. The University will work with whatever actions are deemed necessary.</p> <p>The employee benefiting from the misappropriation has made total restitution.</p> <p>The University's Human Resources Office has been working with the Department of Medicine and the School of Public Health regarding a letter of reprimand to the management staff, including the Principal Investigator named in the audit. Within this letter it is stated that each person will be mandated to attend training regarding the State Ethics Laws. The two Schools will facilitate the training; expected to be completed within four months.</p>				
Completion Date:	Estimated, September 30, 2002						

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## Community, Trade and Economic Development (CTED)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	3	Finding:	The Department of Community, Trade and Economic Development did not submit accurate federal financial reports for the STOP Violence Against Women Program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>16.588</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	16.588	\$0
<u>CFDA #</u>	<u>Amount</u>						
16.588	\$0						
		Status:	Corrective action complete.				
		Corrective Action:	<p>CTED has implemented the following corrective actions:</p> <ol style="list-style-type: none"><li>Quarterly federal financial reports were reviewed. Those determined to be in error were corrected and submitted to the federal government as of September 17, 2001. This included the three reports identified in the audit.</li><li>The Accounting Services Unit completed a review of the report template and adjusted calculating formulas by September 17, 2001.</li><li>Accounting Services amended its internal controls governing the preparation and approval of quarterly financial reports. The Grants Management Analyst now verifies the formula calculations and linking information and also provides supporting documentation including the award summary sheet and related financial reports. The supervisor confirms report calculations and compares them to the supporting documentation prior to approval. The new controls have been in place since October 1, 2001.</li><li>Accounting Services revised desktop procedures to formally adopt the new internal controls and provided “expectations” training to the Grants Management Analysts. Training was completed by the end of February 2002.</li></ol>				
		Completion Date:	February 28, 2002				

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## Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																	
01	4	<p>Finding:</p> <p>The Employment Security Department did not comply with regulations for allowable and allocable costs for six of its federal programs.</p> <p>Questioned Costs:</p> <table><thead><tr><th><u>CFDA #</u></th><th><u>Amount</u></th></tr></thead><tbody><tr><td>17.002</td><td>\$ 43,392</td></tr><tr><td>17.207</td><td>\$131,782</td></tr><tr><td>17.225</td><td>\$363,799</td></tr><tr><td>17.245</td><td>\$ 52,087</td></tr><tr><td>17.255</td><td>\$ 16,819</td></tr><tr><td>17.257</td><td><u>\$ 15,703</u></td></tr><tr><td>Total</td><td>\$623,582</td></tr></tbody></table> <p>Status:</p> <p>Corrective action is in progress.</p> <p>Corrective Action:</p> <p>ESD has actively worked toward ensuring time reporting practices of its employees are sound and in compliance with federal requirements. Although the agency does not concur that federal programs have been charged inappropriately for services provided, ESD will continue to emphasize to employees the importance of correct time reporting practices and the following actions have been taken to improve the methodology for supporting time charges:</p> <ol style="list-style-type: none"><li>1. Quarterly workload counts of incoming and daily counts of outgoing mail in the agency's mailroom have been implemented. Time charges for staff in this area are being based upon these workload counts. The mailroom supervisor is maintaining documentation of these workload counts. Implemented July 1, 2001.</li><li>2. Warehouse employees began charging their time to federally approved overhead codes (AS&amp;T). Implemented July 1, 2001.</li><li>3. Staff in ESD's Technical Support Center began charging their time to AS&amp;T overhead. One employee in this work unit will continue to direct-charge benefiting programs by splitting his time between UI and AS&amp;T. Time charged by this employee is based upon work performed. Implemented July 1, 2001.</li></ol>	<u>CFDA #</u>	<u>Amount</u>	17.002	\$ 43,392	17.207	\$131,782	17.225	\$363,799	17.245	\$ 52,087	17.255	\$ 16,819	17.257	<u>\$ 15,703</u>	Total	\$623,582	
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## Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	4 (Cont'd)	<p>4. The Labor Market and Economic Analysis branch is currently restructuring its budget and management functions to provide more direct accountability to managers for aligning program dollars and output. In coordination with the department's budget office, training will be provided and include monitoring and correction of time allocation issues. Also included will be advice on how to develop work plans, create budgets and align work time with funding sources. These efforts will carry forward to the entire Office of Policy and Research. All staff are being asked to track time spent on work activities and charge actual time spent to the appropriate project codes. Planned implementation date July 2002.</p> <p><b><u>Auditee Disagrees With Finding. Reason(s) Why</u></b></p> <ul style="list-style-type: none"> <li>• Salary costs were questioned for administrative assistants in two of ESD's regional offices. These assistants perform a variety of duties including personnel support, compilation of reports, scheduling of meetings, writing of memoranda and preparation of materials for regional leadership meetings. These duties routinely affect multiple funding sources. In many cases the work performed benefits many programs simultaneously. Staff charge their time to the most appropriate program for the work they have done. However, ESD will work with its administrative support staff to highlight the concerns raised in the audit findings and to provide training on accurate time charging.</li> <li>• Field office staff whose time charges were questioned for Trade Act actually charged two different components of the Trade Act program. Time charges made in this manner were to accommodate services to clients some of whom were certified under Trade Adjustment Assistance, others who were certified under NAFTA and still others certified under both programs. When clients are certified eligible for both programs, time may be charged to either program when general services are being provided, such as assessment. Charges made by these employees were to provide direct services to eligible clients.</li> </ul> <p>ESD intends to work closely with the Department of Labor to resolve questioned costs raised by the auditors.</p> <p>Completion Date: Estimated, July 2002</p>

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## Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	5	Finding:	The Employment Security Department is not complying with client eligibility requirements for the Unemployment Insurance Program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.225</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.225	\$0
<u>CFDA #</u>	<u>Amount</u>						
17.225	\$0						
		Status:	Corrective action is in progress.				
		Corrective Action:	<p>The additional cases brought to ESD’s attention by the auditors were assigned for investigation. As a result, an additional \$120,281 in fraud overpayments was assessed. Changes have been made to the processes utilized by ESD to identify and investigate potential fraud overpayments. In addition, the computer programs utilized in the benefit cross-match process were updated to ensure all benefit payments are included.</p> <p>The finding indicated that some of the potential fraud overpayments could not be fully investigated due to employers’ non-response to ESD requests for wage verification data. ESD’s Office of Special Investigations (OSI) is committed to educating employers to the advantages of returning wage information and routinely writes articles to be included in a newsletter enclosed with Employer Quarterly Tax Statements.</p> <p>On the national level Washington's OSI is considered one of the leaders in preventing UI fraud. This has been achieved through constant process improvements with limited staff. OSI prevention efforts include, employer education, fraud prevention mailers to claimants, the New Hire program, and 100% audit of selected transaction types. The greatest savings to the Trust Fund come from prevention efforts but require time and resources that take away from case investigations.</p> <p>The auditor’s recommendation is that ESD assign sufficient resources to ensure it can investigate improper overpayments. Such a supplemental budget request for FY 2003 was submitted to the Washington State Legislature prior to the audit recommendation. However, the requested additional budget authority was redirected by the Legislature to the community college system to fund training for unemployed workers. It is not certain, at this point, whether the agency will be able to absorb the added cost of these activities within existing federal expenditure authority.</p>				
		Completion Date:	February 2002				



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## Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
01	6	Finding:	The Employment Security Department did not comply with cash management regulations for three federal programs.
		Questioned Costs:	
		<u>CFDA #</u>	<u>Amount</u>
		17.207	\$0
		17.225	\$0
		17.245	\$0
		Status:	Corrective action is in progress.
		Corrective Action:	ESD had already identified the problem and taken corrective measures prior to the time that the auditor identified the issue. The following corrective actions have been completed as of November 2001:
		1. The employee performing cash draws has been once again reminded of the proper procedures to follow in making cash draws, namely that she is to follow the specific directions in the cash draw request and go to her supervisor if a cash balance in a specific grant is not adequate to cover the draw. She has also been reminded that entries into the agency accounting system must match the way the draw was done.	
		2. More frequent reconciliation is being done. On a monthly basis, the cash draw activity in the federal cash system is reconciled to the cash balances in the agency accounting system. Any discrepancies are researched and corrected.	
3. All incorrect draws have been identified and cash returned to the federal government where appropriate. Internal accounting adjustments have also been made to correct the balances in the accounting system to agree with the federal cash draw system.			
The only task remaining is to determine what if any federal liability there may be for the draws that were made in advance of expenditures. We have contacted the Internal Auditor to get ideas for how we might approach this and will also be seeking the counsel of the Federal Treasury Department.			
Completion Date:	March 2002		

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**Employment Security Department (ESD)**

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	7	Finding:	The Employment Security Department did not comply with performance reporting requirements for the Trade Adjustment Assistance program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.245</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.245	\$0
<u>CFDA #</u>	<u>Amount</u>						
17.245	\$0						
		Status:	Corrective action has been completed.				
		Corrective Action:	ESD staff reviewed the data shown on the TAPR submitted for the October – December 2000 quarter to determine what data was being reported to the Department of Labor (DOL). It was confirmed that the computer program used to prepare the report was using the wrong date. As a result, the program has been modified to use the correct date. The revised TAPR for the reporting period in question was submitted to DOL in February 2002. A copy of the corrected data file has been sent to the State Auditor.				
		Completion Date:	February 2002				

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## Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
01	8	<p>Finding: The Department of Health has not established adequate internal controls over eligibility for the Special Supplemental Nutrition Program for Women, Infants, and Children to ensure compliance with program requirements.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 10.557 \$67,046,972</p> <p>Status: Corrective action is in progress.</p> <p>Corrective Action: The Client Information Management System programming deficiency will be repaired so that no data used to determine eligibility is erased.</p> <p><b><u>Auditee Disagrees With Finding, Reason(s) Why</u></b></p> <p>DOH established eligibility procedures with the knowledge and approval of the Food and Nutrition Service Division of the United States Department of Agriculture, the granting agency. Their regulations provide that the state or local agency may require verification of information it determines necessary to confirm income eligibility for program benefits, and that information regarding income eligibility can be either a description of the document(s) used to determine income eligibility <b>or</b> a copy of the document(s) in the file (emphasis added). Since DOH has complied with the instructions and rules of the granting agency, DOH does not believe this issue should be raised to the level of a finding.</p> <p>Setting up the type of records retention system that the finding seems to contemplate would create privacy, confidentiality and security issues under HIPAA or other statutes that most of DOH's subrecipients are not equipped to deal with.</p> <p>DOH will obtain technical assistance from the U.S. Department of Agriculture regarding requirements for documentation of eligibility determination, and explore whether reasonable alternatives for strengthening the method of determining eligibility might be made available.</p> <p>Completion Date: March 2003</p>	

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### Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	9	Finding:	The Department of Health did not comply with special provisions regarding duplicate and dual payments for the Special Supplemental Nutrition Program for Women, Infants, and Children.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>10.557</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						
		Status:	Corrective action is complete.				
		Corrective Action:	DOH has taken the necessary steps to be in full compliance with the special provisions for this Program. Modifications to the WIC Client Information Monitoring System were completed in the fall of 2001. This automated system is used to identify participants who may have received duplicate or dual payments for the Special Supplemental Nutrition Program for Women, Infants and Children. DOH is now able to identify and investigate instances of duplicate enrollment in the Program and to identify and investigate instances where lost, stolen or voided checks and replacements for those checks have both been cashed. The process for investigating duplicate or dual participation was resumed as soon as modifications were completed.				
		Completion Date:	March 2002				

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## Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	10	Finding:	The Department of Health did not comply with special regulations regarding management evaluations of its subrecipients for the Special Supplemental Nutrition Program for Women, Infants, and Children.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>10.557</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0
		<u>CFDA #</u>	<u>Amount</u>				
		10.557	\$0				
		Status:	Corrective action is in progress.				
Corrective Action:	A new process for program management and fiscal evaluations of local agencies once every two years and for monitoring of subrecipient corrective action plans has been initiated. By the end of 2002, all local agencies will have received a program management and fiscal evaluation within the previous two years. After that time, DOH will have in place a process for assuring that these evaluations occur with every local agency at least every two years.						
Completion Date:	December 2002						

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## Department of Health (DOH)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	11	<p>Finding:</p> <p>The Department of Health overstated expenditures on the Schedule of Expenditures of Federal Awards for the Special Supplemental Nutrition Program for Women, Infants, and Children.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>10.557</td><td>\$0</td></tr></table> <p>Status:</p> <p>Corrective action is in progress.</p> <p>Corrective Action:</p> <p>DOH is working with the Washington State Office of Financial Management (OFM) and the USDA's Food and Nutrition Service to determine if there is a more appropriate method of presenting non-federal program income on the Schedule of Expenditures of Federal Awards.</p> <p>Guidance on this issue was requested from USDA/FNS Regional Office by letter dated 2/6/02. DOH has received a receipt acknowledgement letter and has been advised that the letter had been forwarded to the federal agency level for action. After guidance is received from USDA/FNS, DOH will work with OFM to implement the agreed upon course of action.</p> <p><b><u>Auditee Disagrees With Finding, Reason(s) Why</u></b></p> <p>DOH strongly disagrees with the finding. The Auditor asserts that the Department "overstated expenditures" on the Schedule of Expenditures of Federal Awards by including manufacturer rebate funds, and that expenditures were thus "improperly reported." DOH has followed reporting procedures as outlined by OFM. This source of revenue to the program is material; both in dollar amount and as a program resource, therefore DOH believes it is important to present it as income from nonfederal sources and to include it as pass-through revenue in the State's Schedule of Expenditures of Federal Awards.</p>	<u>CFDA #</u>	<u>Amount</u>	10.557	\$0	
<u>CFDA #</u>	<u>Amount</u>						
10.557	\$0						

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**Department of Health (DOH)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
01	11 (Cont'd)	<p>Rebate funds do not supplant federal funds that would otherwise be available to the program. There is a mandate for all state WIC programs to obtain a rebate on infant formula. Total federal funds available without rebate funds would not support current levels of program participation. Without the rebate money, the number of people served would be reduced and therefore the amount of federal funds provided to support the program would also be reduced, not increased. Thus, DOH believes that its presentation of the rebate portion of the Supplemental Nutrition Program for Women, Infants and Children provides the most accurate, appropriate picture to reviewers of the Program's financial structure.</p> <p>Completion Date: June 30, 2002</p>

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## Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	12	Finding:	The Department of Social and Health Services' Medical Assistance Administration has not established sufficient internal controls to ensure compliance with Medicaid provisions regarding licensing and other eligibility criteria for its health care providers.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>\$9,837,143</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$9,837,143
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$9,837,143						
		Status:	Corrective action is in progress				
		Corrective Action:	<ul style="list-style-type: none"><li>‘ ‘ The Medical Assistance Administration (MAA) will begin verifying licenses through Department of Health once the license field on the provider file is expanded.</li><li>‘ ‘ MAA's Provider Enrollment unit will be performing random checks on provider files for accuracy in their licenses and any other core provider agreement criteria.</li><li>‘ ‘ MAA has completed the new Core Provider Agreement (CPA). All new providers will be completing the new CPA. The established providers will also be completing the new CPA in a phased-in process to be completed by July 2003.</li><li>‘ ‘ MAA is establishing a procedure that will be used when information comes from DOH, Aging and Adult Services or other established entities regarding health and safety standards not being met.</li><li>‘ ‘ Determine eligibility of health care providers in the cases reviewed by auditor. Work with the U.S. Department of Health and Human Services to determine if any recalculated unallowable costs charged to Medicaid must be reimbursed.</li></ul>				
		Completion Date:	Estimated, July 2003				



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## Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	13	<p>Finding:</p> <p>The Department of Social and Health Services' Medical Assistance Administration has not established sufficient internal controls to ensure compliance with Medicaid provisions regarding recipient eligibility for health care services.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>\$27,645</td></tr></table> <p>Status</p> <p>Corrective Action:</p> <p>Medical Eligibility Determination Services (MEDS) is currently re-reviewing the 27 cases that were determined ineligible. To date, MEDS has been able to contact 15 households that were identified as ineligible and based on the household's actual income received in the month of review, 12 of the 15 were eligible for BH Plus Medicaid in the month of review. The re-review will continue until all 27 cases have been re-reviewed.</p> <p><b><u>Auditee Disagrees With Finding, Reason(s) Why</u></b></p> <p>DSHS does not concur with this condition and does not concur with the estimated number of 5,000. It is correct that a random review of 100 BH Plus households is completed monthly. In addition to the 100 BH Plus random reviews, (MEDS) receives an average of 1,200 BH Plus Household Change (DSHS 14-406) forms from households due for an annual review monthly. The 1,200 is based on the fact that three maintenance units receive between 400 – 450 DSHS 14-406 forms returned by clients each month. Each change form is reviewed by an eligibility worker to determine if the change affects continued eligibility.</p> <p>MEDS is reviewing 46.78% of the total potential renewals due in any given month. This number is higher when you consider that MEDS also perform reviews on those households where it has made notes to follow-up at annual review time when it becomes aware of a change during their certification period. However, MEDS has taken steps to increase the number of BH Plus random reviews and is working with Automated Client Eligibility System (ACES) in an attempt to expedite implementation of the populated eligibility review.</p> <p>Completion Date:</p>	<u>CFDA #</u>	<u>Amount</u>	93.778	\$27,645	<p>Corrective action is in progress.</p>
<u>CFDA #</u>	<u>Amount</u>						
93.778	\$27,645						
		Estimated, October 2002					

# State of Washington Corrective Action Plan

*OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2001*

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

## Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	14	<p>Finding:</p> <p>The Department of Social and Health Services' Division of Alcohol and Substance Abuse has not established sufficient internal controls over the federal Substance Abuse Prevention and Treatment Block Grant to ensure compliance with program requirements.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.959</td><td>\$0</td></tr></table> <p>Status:</p> <p>Corrective Action:</p> <p>‘ ‘ Comprehensive training about contract monitoring and contract management was held on May 21, 2001, for nearly 50 Division of Alcohol and Substance Abuse (DASA) contract management and supervisory staff. This training will be repeated at least annually and is available on a one-to-one basis for new staff.</p> <p>‘ ‘ DASA has identified one FTE in its current organizational structure to establish a quality assurance function to be established during state FY2002.</p> <p>‘ ‘ Corrective action regarding subrecipient monitoring and suspension/debarment are addressed in the Corrective Action Plan for Findings 01-17 and 01-18, respectively.</p> <p>Completion Date:</p>	<u>CFDA #</u>	<u>Amount</u>	93.959	\$0	
<u>CFDA #</u>	<u>Amount</u>						
93.959	\$0						
		Estimated, April 2002					

# State of Washington Corrective Action Plan

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(This plan only addresses findings reportable under the revised OMB Circular A-133.)

## Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	15	Finding:	The Department of Social and Health Services' Division of Child Support did not comply with regulations for allowable and allocable costs in the Child Support Enforcement program.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.563</td><td>\$199,859</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.563	\$199,859
<u>CFDA #</u>	<u>Amount</u>						
93.563	\$199,859						
		Status:	Corrective action is in progress.				
		Corrective Action:	<ul style="list-style-type: none"><li>· Work with other staff to ensure that time sheets or other applicable documentation is completed.</li><li>· Periodically produce detailed expenditure reports to ensure that payments for fines and penalties are charged to 100% state funded codes.</li><li>· Provide training to accounts payable staff regarding the necessary documentation needed to make payment.</li><li>· Return funds to HHS through the quarterly report.</li></ul>				
		Completion Date:	Estimated, June 2002				

# State of Washington Corrective Action Plan

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## Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
01	16	<p>Finding:</p> <p>The Department of Social and Health Services' Vocational Rehabilitation Program did not comply with federal regulations regarding client eligibility and allowable costs.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>84.126</td><td>\$25,235</td></tr></table> <p>Status:</p> <p>No corrective action necessary.</p> <p>Corrective Action:</p> <p><b><u>Auditee Disagrees With Finding, Reason(s) Why</u></b></p> <p>Both psychologists stepped outside their licensed boundaries as well as outside of the Division of Vocational Rehabilitation policy in providing their conclusions. The only thing that they are legally able to provide DVR is diagnosis on limitations. According to the 1998 Amendments of the Rehabilitation Act, the only individuals who are allowed to make eligibility determination by law is the qualified rehabilitation counselor working for the state agency. In reviewing both psychological reports, they provide both a diagnosis and vocational barriers. The diagnosis of alcohol abuse qualifies as one of the diagnoses in which services can be provided. Additionally, because both psychologists indicate that the individual cannot return to their same employment and that alternate employment is needed, the requirement of vocational barriers as listed under federal law is met. As a result, the supervisor and counselor reviewing this case were completely within both state policy and federal policy for approving the eligibility for these individuals.</p> <p>Customers are not required to provide receipts or certify the actual mileage traveled for which they are reimbursed. Instead, the customer and counselor prepare an Employment Plan prior to services being provided, which may include mileage. Both parties must sign the Employment Plan. For example, the majority of DVR's customers who receive a mileage allowance are attending school. The mileage allowance must be paid in advance to the customer and it's based on the miles from their residence to the school times the number of days they are attending school times a mileage rate. In addition to the signed Plan, the counselors also have a 90-day review with the customer to ensure they are holding a certain grade average and they continue to have the ability to attend. If a customer needs to drop out of school, all mileage allowance checks cease. When a Plan is discontinued before completion, customers are required to refund advances for the uncompleted plan.</p>	<u>CFDA #</u>	<u>Amount</u>	84.126	\$25,235	
<u>CFDA #</u>	<u>Amount</u>						
84.126	\$25,235						

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**State of Washington**  
**Corrective Action Plan**

*OMB Circular A-133 Audit  
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**Department of Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
01	16 (Cont'd)	Completion Date: N/A

## State of Washington Corrective Action Plan

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### Programs Within the Interagency Committee for Outdoor Recreation (IAC) and Departments of Ecology and Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
01	17	Finding:	The State of Washington is not complying with subrecipient monitoring requirements for some of the federal programs it administers.												
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>15.608</td><td>\$0</td></tr><tr><td>66.458</td><td>\$0</td></tr><tr><td>66.605</td><td>\$0</td></tr><tr><td>93.563</td><td>\$0</td></tr><tr><td>93.778</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	15.608	\$0	66.458	\$0	66.605	\$0	93.563	\$0	93.778	\$0
<u>CFDA #</u>	<u>Amount</u>														
15.608	\$0														
66.458	\$0														
66.605	\$0														
93.563	\$0														
93.778	\$0														
		Status:	Corrective action is in progress.												
		Corrective Action:	<p><b><u>Interagency Committee for Outdoor Recreation (IAC)</u></b> <i>Fish &amp; Wildlife Management Assistance (15.608)</i></p> <p><u>Collection and Review of Subrecipient A-133 Audits</u> Staff has begun the process of implementing the requirement to review subrecipient audit reports. The agency will be in full compliance on this issue by May 2002.</p> <p><u>Subrecipient Monitoring:</u> The agency has developed a process for reviewing subrecipient costs and the requirements are detailed in the IAC/SRFB Manual 8 - Reimbursements. The development of this process was done with input from the State Auditor's Office and Office of Financial Management staff in 1995 and again in 2001. IAC continually looks for ways to streamline billing requirements, while ensuring adequate documentation is received to ensure compliance with the project agreement and federal and state requirements.</p> <p>The agency also requires all subrecipients attend a successful applicant workshop. At this workshop, the billing and audit requirements are explained in detail; additionally, one-on-one training is provided by accounting staff and project managers, as needed.</p>												

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**State of Washington  
Corrective Action Plan**

***OMB Circular A-133 Audit  
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June 30, 2001***

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**Programs Within the Interagency Committee for Outdoor Recreation (IAC) and  
Departments of Ecology and Social and Health Services (DSHS)**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
01	17 (Cont'd)	<p>When invoices are received, the accounting staff review the invoices for compliance and accuracy. The project managers then review the invoice for compliance with the agreement. A detailed billing checklist is used for each payment. If the accounting staff or project managers need additional supporting documentation before paying an invoice, the sponsor is contacted for the information. Additionally, if sponsors need assistance or there are questionable costs, project managers review billing information on projects when they are performing site visits.</p> <p>Additionally, detailed documentation is received on all land acquisitions and equipment purchases. It is only construction and planning grants where detailed documentation is not required.</p> <p>As part of the contract, sponsors are required to maintain their detailed documentation for six years after the close of the project. This is to ensure that the records will be available if IAC or auditors request them for review or audit.</p> <p>The agency has implemented and documented strong internal controls over all billings, including subrecipient billings, to ensure expenditures are valid, documented, and consistent with the project agreement.</p> <p><b><u>Department of Ecology</u></b> <i>Performance Partnership Grant (66.605)</i> <i>Clean Water Capitalization Grant (66.458)</i></p> <p>Ecology will review all of its agreements to ensure that subrecipients are properly identified. Ecology will review the need for new policies and procedures and establish them as appropriate. Ecology will review the current resources being devoted to compliance with subrecipient monitoring and determine the adequacy of these resources. Estimated completion date is June 30, 2002.</p>

# State of Washington Corrective Action Plan

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## Programs Within the Interagency Committee for Outdoor Recreation (IAC) and Departments of Ecology and Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	17 (Cont'd)	<p><b><u>Department of Social &amp; Health Services (DSHS)</u></b>  <i>Child Support Enforcement (93.563)</i>  <i>Medicaid (93.778)</i></p> <ul style="list-style-type: none"> <li>' · Updated Policy 16.07 – Single Audit Act Responsibilities to ensure that all DSHS programs are aware of subrecipient monitoring functions.</li> <li>' · Developed and implemented procedures for monitoring all audit reports issued by the State Auditors Office to ensure no major weaknesses exist regarding DSHS administered programs.</li> <li>' · Overall completion set for April 2002.</li> </ul> <p><b><u>Auditee Disagrees With Finding, Reason(s) Why</u></b></p> <ul style="list-style-type: none"> <li>' · The Division of Child Support (DCS) is waiting for written confirmation from their federal program liaison that entities they contract with are not subrecipients.</li> <li>' · The Division of Alcohol and Substance Abuse (DASA) was reviewed by their federal awarding program, which concluded that they have adequate controls in place to monitor subrecipients.</li> </ul> <p>Because of these results, no further action will be taken.</p> <p>Completion Date: Estimated, June 30, 2002</p>



# State of Washington Corrective Action Plan

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(This plan only addresses findings reportable under the revised OMB Circular A-133.)

## Programs Within the Departments of Community, Trade and Economic Development (CTED), Ecology, Fish and Wildlife and Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan																	
01	18	<p>Finding: The State of Washington is not complying with suspension and debarment requirements for some of the federal programs it administers.</p> <p>Questioned Costs:</p> <table><thead><tr><th>CFDA #</th><th>Amount</th></tr></thead><tbody><tr><td>15.608</td><td>\$0</td></tr><tr><td>66.458</td><td>\$0</td></tr><tr><td>81.042</td><td>\$0</td></tr><tr><td>93.563</td><td>\$0</td></tr><tr><td>93.566</td><td>\$0</td></tr><tr><td>93.658</td><td>\$0</td></tr><tr><td>93.778</td><td>\$0</td></tr></tbody></table> <p>Status: Corrective action in progress.</p> <p>Corrective Action: <b><u>Community, Trade &amp; Economic Development (CTED)</u></b> <i>Weatherization Assistance (81.042)</i></p> <ol style="list-style-type: none"><li>December 19, 2001, the Housing Division issued to the 26 local service providers of the weatherization program a certificate to be signed and returned. The certification provides assurance that the agency has not been debarred or suspended by the federal government. The Housing Division has received 100 percent of the certifications. Date Completed: January 30, 2002</li><li>The Housing Division will modify the weatherization program’s General Terms and Conditions to clarify that the current language regarding debarment and suspension applies to contractors, as well as any subcontractors employed to perform work. Estimated Completion Date: April 1, 2002</li><li>The Housing Division will modify the General Work Plan, submitted annually by each agency, to include a certification to assure that the service provider has not been debarred or suspended. Estimated Completion Date: November 2002</li></ol> <p>Performance monitoring (both desk and field) will ensure compliance by contractors, as well as ensure that contractors’ procedures provide necessary self-certification and confirmation of subcontractors. Estimated Completion Date: May 2002.</p>	CFDA #	Amount	15.608	\$0	66.458	\$0	81.042	\$0	93.563	\$0	93.566	\$0	93.658	\$0	93.778	\$0	
CFDA #	Amount																		
15.608	\$0																		
66.458	\$0																		
81.042	\$0																		
93.563	\$0																		
93.566	\$0																		
93.658	\$0																		
93.778	\$0																		

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## State of Washington Corrective Action Plan

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### Programs Within the Departments of Community, Trade and Economic Development (CTED), Ecology, Fish and Wildlife and Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	18 (Cont'd)	<p><b><u>Department of Ecology</u></b> <i>Clean Water Capitalization Grant (66.458)</i></p> <p>Ecology will ensure that training is made available to all employees dealing with federal programs. Ecology will consider the need for policies and procedures to help ensure compliance and will develop and implement those that are appropriate. Estimated completion date is June 30, 2002.</p> <p><b><u>Department of Fish &amp; Wildlife</u></b> <i>Fish &amp; Wildlife Management Assistance (15.608)</i></p> <p>The Department internal contracts process will now have provisions to capture federal funds expended against any accounts payable account. If the federal amount is \$100,000 or more, the department will ask the recipients to certify that they are not suspended or debarred from receiving federal funds. A separate form will be used to capture this information.</p> <p>For contracts less than \$100,000, the Department will have a standard provision in the general terms and conditions that addresses whether the recipient has been suspended or debarred from receiving federal funds. By signing the competitive solicitation and/or contract, the recipient certifies they have not been suspended or debarred.</p> <p>It is the Department's view that having policies for each federal requirement would not be as effective as having specific procedures in place that document compliance with federal requirements.</p> <p>Additionally, as per the State Auditor's recommendation, the department intends to ensure all contracting and other appropriate staff will have attended the State's Federal Grant Administration class. Three individuals are scheduled for the April 2, 2002, class.</p>

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### Programs Within the Departments of Community, Trade and Economic Development (CTED), Ecology, Fish and Wildlife and Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	18 (Cont'd)	<p>The Department anticipates having tracking of federal funds identified in an internal contracting processing form starting March 12, 2002. This will allow appropriate federal provisions, as discussed above, to be inserted in accounts payable contracts. A separate attachment to the contract will require all contractors (1<sup>st</sup> tier to last) to certify they are not suspended or debarred for federal purposes. The Department also intends to have this provision as part of the general terms and conditions in all accounts receivable contracts receiving federal funds.</p> <p><b><u>Department of Social and Health Services (DSHS)</u></b>  <i>Child Support Enforcement (93.563)</i>  <i>Refugee &amp; Entrant Assistance (93.566)</i>  <i>Foster Care (93.658)</i>  <i>Medicaid (93.778)</i></p> <p>· · CCS has provided formal training on the debarment issue and certifications to staff and the department's Key Contract Coordinators at an October 18, 2000, Key Contract Coordinators Meeting. In addition, CCS has included information regarding debarment in the October 2000 CCS Newsletter.</p> <p>· · Purchased Service Contracts staff have been updated on the Suspension and Debarment requirements and will obtain certifications for all contracts that are for \$100,000 or more.</p> <p>Estimated Completion Date: April 2002.</p> <p><b><u>Auditee Takes Exception To Finding, Reason(s) Why</u></b></p> <p>The programs at DSHS were beginning to implement procedures to address this area during FY01. However, because of overlap in the fiscal year (part in compliance, part not in compliance), the auditors' office wrote a finding.</p> <p>Completion Date: Estimated, June 30, 2002</p>

# State of Washington Corrective Action Plan

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## Programs Within Bates Technical College, Bellevue Community College, Edmonds Community College, Lake Washington Technical College, Seattle Central Community College, Seattle Vocational Institute and Washington State University

Fiscal Year	Finding Number	Finding and Corrective Action Plan													
01	19	Finding:	Seven of the state's colleges and universities are not complying with federal law for the return of student financial aid.												
		Questioned Costs:	<table><thead><tr><th><u>CFDA #</u></th><th><u>Amount</u></th></tr></thead><tbody><tr><td>84.007</td><td>\$0</td></tr><tr><td>84.032</td><td>\$0</td></tr><tr><td>84.038</td><td>\$0</td></tr><tr><td>84.063</td><td>\$0</td></tr><tr><td>84.268</td><td>\$0</td></tr></tbody></table>	<u>CFDA #</u>	<u>Amount</u>	84.007	\$0	84.032	\$0	84.038	\$0	84.063	\$0	84.268	\$0
<u>CFDA #</u>	<u>Amount</u>														
84.007	\$0														
84.032	\$0														
84.038	\$0														
84.063	\$0														
84.268	\$0														
		Status:	Corrective action is in progress.												
		Corrective Action:	<p><b><u>Bates Technical College</u></b></p> <p>Bates Technical College does not feel an audit finding is warranted on this matter. With the issuance of new Dept. of Education regulations, the College had continuously been in contact with the Department for clarification and understanding of the requirement. The College acknowledges that errors occurred including miscalculations, late notices and returns. However, in the College’s view, these are considered technical errors as opposed to “not complying” with the regulations. During the audit, there was a question on determining how to establish available hours at the time of withdrawal for clock hour colleges. At the auditor’s request, correspondence was sent to the Dept. of Education on October 26, 2001. As of this date, the College has not received a response. Therefore, in the College’s opinion, an audit finding is not justified as the College has made every effort to comply with the new return of Title IV funds regulations, but has not received clarification information from the Dept. of Education.</p>												

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### Programs Within Bates Technical College, Bellevue Community College, Edmonds Community College, Lake Washington Technical College, Seattle Central Community College, Seattle Vocational Institute and Washington State University

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	19 (Cont'd)	<p>Bates Technical College has taken measures to ensure compliance as follows:</p> <ul style="list-style-type: none"> <li>‘ ‘ Added safeguards to ensure the correct withdrawal date is utilized with an additional step to reconcile the attendance submitted to the Registrar to the hours and exit date reported by the instructor.</li> <li>‘ ‘ Re-addressed how satisfactory progress is reviewed and utilized in accordance with College policy to ensure students have maintained eligibility and met federal requirements.</li> </ul> <p>Additional staff have been assigned to assist with the Title IV return calculations, for the monitoring and reporting of withdrawal dates, and to process student notices in a timely manner as required.</p> <p><b><u>Bellevue Community College</u></b></p> <p>The Office of Financial Aid at Bellevue Community College has recently implemented measures to remind faculty about the purpose and importance of attendance and verification forms. Quarterly - faculty and staff will be reminded via e-mail and on the BCC website. Deans, VPs and Division Chairs have been informed of the issues and are instructed to ensure leadership in supporting the importance of the issues.</p> <p>Students with repayment amounts have been blocked from registration/grade access and, if necessary, are submitted to collections.</p> <p>The financial aid staff have reviewed all Title IV refund repayments and re-calculated the correct amounts.</p> <p>Funds have been returned to Department of Education, other Title IV loan providers, and in some instances, students.</p>

# State of Washington Corrective Action Plan

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## Programs Within Bates Technical College, Bellevue Community College, Edmonds Community College, Lake Washington Technical College, Seattle Central Community College, Seattle Vocational Institute and Washington State University

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	19 (Cont'd)	<p>Corrective Action:</p> <p><b><u>Edmonds Community College</u></b></p> <p>The problem occurred during a transition in staffing within the Financial Aid Office. To assure compliance with the Return of Title IV Funds regulations, the following procedures have been implemented:</p> <ol style="list-style-type: none"> <li>1. There are two reports that can be run to identify students who have officially withdrawn from classes. One report is run during the first 10 days of the quarter and the other is used after the 10<sup>th</sup> day of the quarter. These reports are run from the Financial Aid Office on a weekly basis throughout the quarter until the last day to withdraw has been reached.</li> <li>2. Once withdrawn students have been identified, the Return to Title IV calculation is made using the Federal Return to Title IV Funds software.</li> <li>3. Most refunds for the current quarter can be processed through the Cashier's Office; for exceptions, a memo is sent to the Business Office asking that a refund be issued. The memo stipulates the last date (30 days) this must be done.</li> <li>4. For unofficial withdrawals, the college is considered to be notified the morning after grades from instructors are due—usually within two business days after the quarter ends. Official withdrawals, unofficial withdrawals, 0.0 and U grades are used to calculate Return of Title IV funds. "I" grades (incompletes) are considered to be earned grades and are given to students who have substantially completed the majority of course work.</li> <li>5. The Financial Aid Office runs a report to identify all students who failed to complete any credits. Return of Title IV funds is calculated for students from this report within two weeks.</li> <li>6. A memo is sent to the Business Office identifying students who have had a return calculated and the amount. The last date the return must be done (30 days) is included in the memo to the Business Office.</li> </ol>

# **State of Washington Corrective Action Plan**

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## **Programs Within Bates Technical College, Bellevue Community College, Edmonds Community College, Lake Washington Technical College, Seattle Central Community College, Seattle Vocational Institute and Washington State University**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
01	19 (Cont'd)	<p>7. When a Return of funds has been calculated, students are notified in writing of the amount returned to the Title IV program(s), and are billed for the amount the college must return to the program(s). Their registration is blocked and their records are placed on hold until the repayment has been made to the college.</p> <p>8. Students that owe a repayment of Title IV funds are notified in writing of the amount they owe. After 45 days, a student in repayment status is reported to NSLDS. These students also have their registration blocked and their records placed on hold.</p> <p>College completed corrective action in Fall Quarter, 2001.</p> <p><b><u>Lake Washington Technical College</u></b></p> <p>The finding involved two students and two distinct circumstances:</p> <p>Situation 1 - A student had received federal aid and withdrew officially on the first day of the quarter. No documentation from the student's instructor was received that indicated the student had attended any class. This clearly was an eligibility issue as determined by the auditor, the student had not attended (all aid must be returned).</p> <p>The College now has in place procedures that the Financial Aid Office will require documentation from the student's instructor verifying the student has attended class. If no documentation is received, the school will return all federal aid. The total amount, \$11.70, was returned.</p> <p>Situation 2 - A student having received aid was subsequently identified as having withdrawn in a previous quarter. The College views this as due to an administrative error, and not related to compliance issues from Return to Title IV requirements. This student withdrew before the quarter start, and all aid was returned as required. However, the refund process was not completed by the Registrar/Cashier, charges were left open on the account. Aid was paid again through an automated process. This error was identified, and aid was returned once more.</p>

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### Programs Within Bates Technical College, Bellevue Community College, Edmonds Community College, Lake Washington Technical College, Seattle Central Community College, Seattle Vocational Institute and Washington State University

Fiscal Year	Finding Number	Finding and Corrective Action Plan
01	19 (Cont'd)	<p>The Financial Aid Office did not place a blocking code on the student's record in error, and aid was paid again. The error was not identified, and compounded when the quarterly Pell reconciliation was completed. At that time, the student's aid status was updated to "awarded". The student was then identified when the auditor requested the refund report be run for the previous year.</p> <p>The following corrective action has taken place. Refund reports will be run periodically for previous quarters. In addition, when a quarterly reconciliation issue is identified, the student's enrollment record will be reviewed to identify potential administrative errors. The total amount, \$133.00, was returned.</p> <p>The total amount returned for the two students was \$144.70, not \$307.80 as displayed in the audit.</p> <p><b><u>Seattle Central Community College &amp; Seattle Vocational Institute</u></b></p> <p>All calculations have been corrected and Title IV funds were returned. Policies and procedures have been reviewed and were fully implemented August 2001. All difficulties with individual student records were resolved as of November 2001.</p> <p><b><u>Washington State University</u></b></p> <p>There were no funds identified during the State Auditor's review that have not been returned to the appropriate parties. The funds were returned prior to the audit finding being received by WSU, on the 34<sup>th</sup> and 36<sup>th</sup> day after the certified date of withdrawal.</p> <p>On December 17, 2001, the Financial Aid office was repositioned in the reporting process so that it is the second department to receive notification that a student is withdrawing. Prior to this change, Financial Aid was the next to last department to receive notification, after other departments had finished their out-processing of the students. On January 3, 2002, a new field was added to the WSU online cancellation system. That new field, titled 'Date student notified WSU' will enable the Financial Aid office to receive withdrawal notifications early in the process, and further ensure that refunds are on a timely basis.</p>



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**State of Washington  
Corrective Action Plan**

*OMB Circular A-133 Audit  
For the Fiscal Year Ended  
June 30, 2001*

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(This plan only addresses findings reportable under the revised OMB Circular A-133.)

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**Programs Within Bates Technical College, Bellevue Community College, Edmonds Community College, Lake Washington Technical College, Seattle Central Community College, Seattle Vocational Institute and Washington State University**

<b>Fiscal Year</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Plan</b>
01	19 (Cont'd)	<p>In addition, all WSU personnel involved in the withdrawal process will receive training by the end of Spring semester (May 2002).</p> <p>Completion Date: Estimated, May 2002</p>